

Office of the
Legislative Fiscal Analyst

FY 2005 Budget Recommendations

Joint Appropriations Subcommittee for
Economic Development and Human Resources

Division of Business and Economic Development

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information

Division of Business & Economic Development (DBED)**Summary**

These programs promote and develop Utah's economy through business expansion and retention.

	Analyst FY 2005 Base	Analyst FY 2005 Changes	Analyst FY 2005 Total
Financing			
General Fund	7,417,600		7,417,600
Federal Funds	400,000		400,000
Dedicated Credits Revenue	90,100		90,100
Total	\$7,907,700	\$0	\$7,907,700
Programs			
Administration	1,070,500		1,070,500
Film Commission	654,900		654,900
International Development	1,088,600		1,088,600
Business Development	2,438,200		2,438,200
Science and Technology	2,655,500		2,655,500
Total	\$7,907,700	\$0	\$7,907,700
FTE/Other			
Total FTE	37		37

2.0 Issues DBED

2.1 One-Time Funding for Technology Alliance

Funding of \$450,000 for the Utah Technology alliance is critical for the operations of business development. The Utah Technology alliance has been utilized to develop eco-systems which promote Utah as a center for technology investment.

2.2 Legislative Intent Language

It is the intent of the Legislature that funding for Business Development be non-lapsing subject to the provisions of UCA 63-38-8.1.

Funds encumbered to pay contractual obligations issued prior to May 1 shall also be considered non-lapsing.

3.1 DBED – Administration

Recommendation The Analyst recommends a budget of \$1,070,500.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	2,131,800	1,070,500	1,070,500	
General Fund, One-time		26,600		(26,600)
Beginning Nonlapsing	156,700	1,348,400		(1,348,400)
Closing Nonlapsing	(1,348,400)			
Lapsing Balance	(55,400)			
Total	\$884,700	\$2,445,500	\$1,070,500	(\$1,375,000)
Expenditures				
Personal Services	313,500	317,300	316,200	(1,100)
In-State Travel	6,600	7,200	6,400	(800)
Out of State Travel	35,000	249,800	16,000	(233,800)
Current Expense	207,700	1,184,300	76,200	(1,108,100)
DP Current Expense	34,200	21,700	15,500	(6,200)
Other Charges/Pass Thru	287,700	665,200	640,200	(25,000)
Total	\$884,700	\$2,445,500	\$1,070,500	(\$1,375,000)
FTE/Other				
Total FTE	4	4	4	0

*Non-state funds as estimated by agency

Purpose

The Division of Business & Economic Development (DBED) Administration provides leadership to the programs of the Division in accomplishing the mission of the Department. Administration also provides fiscal guidance and support to the programs. Administration coordinates with the following programs:

- ▶ Defense Conversion Program - The program provides support to Utah's effort with our Congressional Delegation to maintain support of our military base.
- ▶ Utah Sports Commission - This program provides funding to the Department to enable the State to take advantage of economic opportunities related to sporting events.
- ▶ Governor's Trade Missions – This area involves a series of domestic and foreign trade missions to capitalize on the success of the 2002 Olympic Winter Games.

Activity

The Division helps maintain an efficient and friendly business climate in Utah, provides for the recruiting of key businesses to Utah, assists Utah businesses in their expansion efforts, and coordinates business development efforts throughout the State.

Accomplishments

Each program has continually exceeded the set goals and has provided an efficient effort in recruiting business, helping local business in their expansion efforts, providing employment opportunities to the Utah Film industry, and by substantially expanding Utah's high tech industry.

**Performance
Measures**

Measure	2001	2002	2003	2004 (Est)
Number of Corporate Relocations or Expansions	15	8	6	10
Increase in Jobs through Relocation or Expansion	1,745	1,861	2,410	3,000
Rural jobs created through Smart Sites program	N/A	N/A	685	1,060

3.2 Film Commission

Recommendation

The Analyst recommends a budget of \$654,900.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	639,800	649,900	649,900	
General Fund, One-time		1,200		(1,200)
Dedicated Credits Revenue		5,000	5,000	
Beginning Nonlapsing		75,400		(75,400)
Closing Nonlapsing	(25,400)			
Total	\$614,400	\$731,500	\$654,900	(\$76,600)
Expenditures				
Personal Services	352,900	363,600	361,300	(2,300)
In-State Travel	11,300	9,600	9,600	
Out of State Travel	14,700	27,500	27,500	
Current Expense	165,200	260,500	186,200	(74,300)
DP Current Expense	5,400	5,400	5,400	
Other Charges/Pass Thru	64,900	64,900	64,900	
Total	\$614,400	\$731,500	\$654,900	(\$76,600)
FTE/Other				
Total FTE	7	6	6	0

*Non-state funds as estimated by agency

Purpose

The Utah Film Commission promotes Utah as an attractive and viable on-location production center to the expanding global visual industry. The Commission facilitates and maintains business development by promoting the creation of jobs for local Utah support services and professionals in the motion picture, television, commercial, corporate, and print advertising/production industries.

The Film Commission is working with the Digital Media Ecosystem to encourage the expansion of digital technology, digital production and post production industries in the State. The Commission is also working with Salt Lake Community College and other film education resources to help develop and access curriculum being created to facilitate job training in the motion picture and digital industries.

Activity

The Utah Film Commission promotes division goals through the following:

1. Developing Utah's technical strengths by participation in the Sundance Digital Media Center and the Digital Media Summit. They also hosted the Governor's Trade Missions to Los Angeles, Burbank and Hollywood.

2. Developing partnerships and alliances through meetings with federal and state agencies, private entities, and local production staff. The Utah Film Commission supports partnerships with local commissions and events.
3. Developing rural economic growth by introducing producers to rural areas of the state. Many of the Film Commission ad campaigns are focused on rural Utah.

Accomplishments

Film production in the State of Utah for FY 2002 was \$135.6 million in contribution to the State's economy.

Performance

Performance is measured by the total number of production days in the state, total production dollars spent in the state, and the number of projects shot in the state. Production days in FY 2003 were down to 1,190 compared to 2,000 the previous year. They hope to increase by two projects in FY 2004.

3.3 International Development

Recommendation The Analyst recommends a budget of \$1,088,600.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	910,900	1,078,600	1,078,600	
General Fund, One-time		1,800		(1,800)
Dedicated Credits Revenue		10,000	10,000	
Beginning Nonlapsing		67,000		(67,000)
Closing Nonlapsing	(67,000)			
Total	\$843,900	\$1,157,400	\$1,088,600	(\$68,800)
Expenditures				
Personal Services	529,400	561,600	559,700	(1,900)
In-State Travel	2,600	6,000	6,000	
Out of State Travel	12,900	30,000	30,000	
Current Expense	289,900	545,800	478,900	(66,900)
DP Current Expense	7,100	12,000	12,000	
Other Charges/Pass Thru	2,000	2,000	2,000	
Total	\$843,900	\$1,157,400	\$1,088,600	(\$68,800)
FTE/Other				
Total FTE	7	7	7	0

*Non-state funds as estimated by agency

Purpose The International Development Program is responsible for Utah's economic growth through international business expansion. The program helps Utah businesses by providing technical expertise related to exports, partnerships, and opportunities. The International program conducts activities that introduce Utah companies to international business, educate Utah's businesses about the international climate and promotes Utah investment opportunities internationally.

Activity The Division champions a friendly international business environment helping both urban and rural Utah companies compete in the global marketplace. They conduct trade shows, trade missions and trade seminars at home and abroad. The program attempts to streamline trade opportunities for Utah businesses by developing partnerships and alliances with international governments. They also promote Utah's technical strengths in an international environment.

Performance Performance measurements include number of companies assisted, number of trade shows and trade missions conducted, seminars conducted, and number of new companies exporting to foreign countries. Data related to these measures should be available starting next year.

3.4 Business Development

Recommendation The Analyst recommends a budget of \$2,438,200.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
General Fund	2,547,800	2,028,200	2,028,200	
General Fund, One-time		5,400		(5,400)
Federal Funds	759,100	400,000	400,000	
Dedicated Credits Revenue		10,000	10,000	
Beginning Nonlapsing	304,100	535,300		(535,300)
Closing Nonlapsing	(385,300)			
Total	\$3,225,700	\$2,978,900	\$2,438,200	(\$540,700)
Expenditures				
Personal Services	1,364,100	1,203,400	1,199,400	(4,000)
In-State Travel	21,300	21,600	21,600	
Out of State Travel	39,000	38,000	38,000	
Current Expense	607,100	653,200	377,300	(275,900)
DP Current Expense	328,700	222,800	115,200	(107,600)
DP Capital Outlay	5,900	6,000	6,000	
Other Charges/Pass Thru	859,600	833,900	680,700	(153,200)
Total	\$3,225,700	\$2,978,900	\$2,438,200	(\$540,700)
FTE/Other				
Total FTE	15	15	15	0
*Non-state funds as estimated by agency				

Purpose

The Utah Business Development Program is charged with:

1. Recruiting quality businesses to the State with emphasis on those areas experiencing economic difficulties,
2. Coordinating available incentive packages to expanding companies,
3. Assisting state-wide business in their expansion efforts,

Utah has a growing need to provide family sustaining jobs which necessitates a continued effort to promote local business expansion as well as selective recruiting of companies that benefit Utah. Metropolitan areas are generally fully employed which requires a high pay scale to keep qualified people. At the same time rural communities struggle to meet the infrastructure needs of relocating companies.

The program has reorganized to focus on the areas listed below:

1. Business Expansion and Retention
2. National Development

Business Expansion and Retention (BEAR)

Business Expansion and Retention is charged with promoting the vitality, expansion, and retention of existing Utah businesses. Statutory responsibilities of the program include Enterprise Zone administration, Recycling Zone Administration, and Pioneer Community/Main Street Program administration. The program is responsible for providing assistance to the 4 metro counties. Responsibilities include contact visits, monitoring of small business development sites, and coordination with Utah's universities and colleges. In rural communities the program promotes smart sites and technology services. A partnership between BEAR and the Department of Defense provides Utah small businesses with procurement technical assistance. This is offered to help businesses be more competitive in the acquisition of government contracts.

National Business Development

The National Business Development program is responsible for recruiting new or expanding businesses to the State. National Development markets the State through print advertising, trade shows, business trips to key cities and special events aimed at targeted business and clients. The program identifies companies in targeted eco-systems who may be interested in moving to the state.

Activity

The above purposes are accomplished through identifying and responding to company needs by personal visits and counseling, attending national and local trade shows with targeted Utah companies, and recruiting national corporations for expansion through seminars, media, partnerships, associations and the internet.

Performance Measures

Program success is measured by the number of companies relocating to Utah and the number of jobs created. A program goal is to have a smart site in every rural county by the end of FY 04. To date 43 smart sites have been created in 20 counties. Business owners receiving counseling totalled 2,625. Procurement technical assistance contracts awarded totalled 600 in FY 2003.

	Companies Assisted to Locate in Utah	Jobs Announced
FY 99	10	2,792
FY 00	7	2,175
FY 01	15	1,745
FY 02	8	1,861
FY 03	6	2,410

3.5 Technology and Science

Recommendation The Analyst recommends a budget of \$2,655,500.

	2003	2004	2005	Est/Analyst
Financing	Actual	Estimated*	Analyst	Difference
General Fund	3,123,200	2,590,400	2,590,400	
General Fund, One-time		549,700		(549,700)
Dedicated Credits Revenue		65,100	65,100	
GFR - Industrial Assistance	99,700			
Transfers	67,000			
Beginning Nonlapsing	400,900	391,700		(391,700)
Closing Nonlapsing	(591,700)			
Lapsing Balance	(25,000)			
Total	\$3,074,100	\$3,596,900	\$2,655,500	(\$941,400)
Expenditures				
Personal Services	403,500	361,200	359,900	(1,300)
In-State Travel	3,800	7,400	3,400	(4,000)
Out of State Travel	9,700	20,100	8,600	(11,500)
Current Expense	106,200	517,400	35,700	(481,700)
DP Current Expense	2,400	6,200	2,500	(3,700)
Other Charges/Pass Thru	2,548,500	2,684,600	2,245,400	(439,200)
Total	\$3,074,100	\$3,596,900	\$2,655,500	(\$941,400)
FTE/Other				
Total FTE	6	5	5	0

*Non-state funds as estimated by agency

Purpose

The Office of Technology and Science oversees all State related technology initiatives and directs the technology related programs within the Division of Business and Economic Development. As it administers the Centers of Excellence Program, it coordinates emerging technologies from the Universities within the State with Utah businesses. This is accomplished with the aid of the University technology transfer centers, the Small Business Centers, and the Wayne Brown Institute. They also coordinate the Utah Technology Alliance and the Technology@Breakfast outreach program.

Activity

The Technology Development Program provides staff to the Centers of Excellence board through the annual cycle which includes training of University staff in Centers funding, facilitating the awarding of Centers grants, tracking of grants, and verifying completion of the contracts. Technology Development is also responsible for the coordination of high tech issues with the State Science Advisor's Office.

Accomplishments

The program has successfully provided staffing to meet the objectives of the Centers of Excellence Program.

Performance Measures

Measure	2000	2001	2002	2003
Non-state matching funds	11.8 m	12.4 m	13.4 m	20.5 m
New businesses created	6	2	8	8
Technology licenses/patents	21	24	13	7

4.0 Additional Funding

4.1 Funding History

	2001	2002	2003	2004	2005
Financing	Actual	Actual	Actual	Estimated*	Analyst
General Fund	9,262,800	10,044,000	9,353,500	7,417,600	7,417,600
General Fund, One-time				584,700	
Federal Funds	403,300	449,700	759,100	400,000	400,000
Dedicated Credits Revenue	16,300	4,100		90,100	90,100
GFR - Industrial Assistance	300,000		99,700		
Olympic Special Revenue	500,000				
Transfers			67,000		
Beginning Nonlapsing	3,139,900	3,480,200	861,700	2,417,800	
Closing Nonlapsing	(3,480,200)	(861,600)	(2,417,800)		
Lapsing Balance			(80,400)		
Total	\$10,142,100	\$13,116,400	\$8,642,800	\$10,910,200	\$7,907,700
Programs					
Administration	2,062,700	3,403,900	884,700	2,445,500	1,070,500
Local Economic Development Initia	56,300				
Film Commission	721,600	705,800	614,400	731,500	654,900
International Development	1,488,900	1,222,300	843,900	1,157,400	1,088,600
Business Development	3,017,000	3,962,500	3,225,700	2,978,900	2,438,200
Special Opportunities	68,000	106,200			
Science and Technology	2,727,600	3,715,700	3,074,100	3,596,900	2,655,500
Total	\$10,142,100	\$13,116,400	\$8,642,800	\$10,910,200	\$7,907,700
Expenditures					
Personal Services	3,316,200	3,404,200	2,963,400	2,807,100	2,796,500
In-State Travel	89,800	80,300	45,600	51,800	47,000
Out of State Travel	212,000	225,300	111,300	365,400	120,100
Current Expense	3,250,000	2,928,300	1,376,100	3,161,200	1,154,300
DP Current Expense	113,800	308,900	377,800	268,100	150,600
DP Capital Outlay		7,800	5,900	6,000	6,000
Capital Outlay		20,500			
Other Charges/Pass Thru	3,144,800	6,141,100	3,762,700	4,250,600	3,633,200
Operating Transfers	15,500				
Total	\$10,142,100	\$13,116,400	\$8,642,800	\$10,910,200	\$7,907,700
FTE/Other					
Total FTE	48	46	39	37	37

*Non-state funds as estimated by agency.

4.2 Federal Funds

Program		FY 2003 Actual	FY 2004 Estimated	FY 2005 Analyst
EDA, Rural Smart Site Equipment	Federal Required State Match	450,700	100,000	100,000
DOD Cooperative Agreement	Federal Required State Match	265,300	300,000	300,000
	Total	\$716,000	\$400,000	\$400,000